



General Assembly

Substitute Bill No. 5572

February Session, 2016

* _____HB05572BA_____031616_____*

AN ACT CONCERNING SMALL LOAN LICENSEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-555 of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2016*):

4 [No person shall (1) engage in the business of making loans of
5 money or credit; (2) make, offer, broker or assist a borrower in
6 Connecticut to obtain such a loan; or (3) in whole or in part, arrange
7 such loans through a third party or act as an agent for a third party,
8 regardless of whether approval, acceptance or ratification by the third
9 party is necessary to create a legal obligation for the third party,
10 through any method, including, but not limited to, mail, telephone,
11 Internet or any electronic means, in the amount or to the value of
12 fifteen thousand dollars or less for loans made under section 36a-563 or
13 section 36a-565, and charge, contract for or receive a greater rate of
14 interest, charge or consideration than twelve per cent per annum
15 therefor, unless licensed to do so by the commissioner pursuant to
16 sections 36a-555 to 36a-573, inclusive. The provisions of this section
17 shall not apply to (A) a bank, (B) an out-of-state bank, (C) a
18 Connecticut credit union, (D) a federal credit union, (E) an out-of-state
19 credit union, (F) a savings and loan association wholly owned
20 subsidiary service corporation, (G) a person to the extent that such

21 person makes loans for agricultural, commercial, industrial or
22 governmental use or extends credit through an open-end credit plan,
23 as defined in 15 USC 1602, as amended from time to time, for the retail
24 purchase of consumer goods or services, (H) a mortgage lender or
25 mortgage correspondent lender licensed pursuant to section 36a-489
26 when making residential mortgage loans, as defined in section 36a-485,
27 or (I) a licensed pawnbroker.]

28 As used in this section and sections 36a-556 to 36a-573, inclusive, as
29 amended by this act:

30 (1) "Advertise" or "advertising" means any announcement,
31 statement, assertion or representation that is placed before the public
32 in a newspaper, magazine or other publication, in the form of a notice,
33 circular, pamphlet, letter or poster, over any radio or television station,
34 by means of the Internet, by other electronic means of distributing
35 information, by personal contact, or in any other way or medium;

36 (2) "APR" means the annual percentage rate for the loan calculated
37 according to the provisions of the federal Truth-in-Lending Act, 15
38 USC 1601 et seq., as amended from time to time, and the regulations
39 promulgated thereunder;

40 (3) "Branch office" means a location other than the main office where
41 the licensee, or any person on behalf of the licensee, will engage in
42 activities that require a small loan license;

43 (4) "Connecticut borrower" means any borrower who resides in or
44 maintains a domicile in this state and who (A) negotiates or agrees to
45 the terms of the small loan in person, by mail, by telephone or via the
46 Internet while physically present in this state, (B) enters into or
47 executes a small loan agreement with the lender in person, by mail, by
48 telephone or via the Internet while physically present in this state, or
49 (C) makes a payment on the loan in this state. For purposes of this
50 subdivision, "payment on the loan" includes a debit on an account the
51 borrower holds in a branch of a financial institution or the use of a

52 negotiable instrument drawn on an account at a financial institution.
53 For purposes of this subdivision, "financial institution" means any
54 bank or credit union chartered or licensed under the laws of this state,
55 any other state or the United States and having its main office or a
56 branch office in this state;

57 (5) "Control person" means an individual that directly or indirectly
58 exercises control over another person, and includes any person that (A)
59 is a director, general partner or executive officer; (B) in the case of a
60 corporation, directly or indirectly has the right to vote ten per cent or
61 more of a class of any voting security or has the power to sell or direct
62 the sale of ten per cent or more of any class of voting securities; (C) in
63 the case of a limited liability company, is a managing member; or (D)
64 in the case of a partnership, has the right to receive upon dissolution,
65 or has contributed, ten per cent or more of the capital. For purposes of
66 this subdivision, "control" means the power, directly or indirectly, to
67 direct the management or policies of a company, whether through
68 ownership of securities, by contract or otherwise;

69 (6) "Generating leads" means (A) initiating consumer interest or
70 inquiry into a small loan by online marketing, direct response
71 advertising, telemarketing or other similar consumer contact; (B)
72 engaging in the business of selling leads for small loans; (C) generating
73 or augmenting leads for other persons for or with the expectation of
74 compensation or gain; or (D) referring consumers to other persons for
75 a small loan for or with the expectation of compensation or gain;

76 (7) "Lead" means any information identifying a potential consumer
77 of a small loan;

78 (8) "Main office" means the main address designated on the system
79 where the licensee, or any person on behalf of the licensee, will engage
80 in activities that require a small loan license;

81 (9) "Open-end small loan" means a small loan where the loan
82 agreement provides that the lender may permit the borrower to obtain

83 advances of money from time to time or provides that the lender may
84 advance money on behalf of the borrower from time to time as
85 directed by the borrower;

86 (10) "Person" means a natural person, corporation, company, limited
87 liability company, partnership or association;

88 (11) "Small loan" means any loan of money or extension of credit, or
89 the purchase of, or an advance of money on, a borrower's future
90 income where the following conditions are present: (A) The amount or
91 value is fifteen thousand dollars or less; and (B) the APR is greater
92 than twelve per cent. For purposes of this subdivision, "future income"
93 means any future potential source of money, and expressly includes,
94 but is not limited to, a future pay or salary, pension or tax refund. For
95 purposes of this section and sections 36a-556 to 36a-573, inclusive, as
96 amended by this act, "small loan" shall not include: (i) A retail
97 installment contract made in accordance with section 36a-772; or (ii) a
98 loan or extension of credit for agricultural, commercial, industrial or
99 governmental use;

100 (12) "Trigger lead" means a consumer report obtained pursuant to
101 Section 604(C)(1)(B) of the Fair Credit Reporting Act, 15 USC 1681b,
102 where the issuance of the report is triggered by an inquiry made with a
103 consumer reporting agency in response to an application for credit.
104 "Trigger lead" does not include a consumer report obtained by a small
105 loan lender that holds or services existing indebtedness of the
106 applicant who is the subject of the report; and

107 (13) "Unique identifier" means a number or other identifier assigned
108 by protocols established by the system.

109 Sec. 2. Section 36a-556 of the general statutes is repealed and the
110 following is substituted in lieu thereof (*Effective July 1, 2016*):

111 [Upon the filing of the required application and license fee, the
112 commissioner shall investigate the facts and, if the commissioner finds
113 that (1) the experience, character and general fitness of the applicant,

114 and of the members thereof if the applicant is a partnership, limited
115 liability company or association, and of the officers and directors
116 thereof if the applicant is a corporation, are satisfactory, (2) a license to
117 such applicant will be for the convenience and advantage of the
118 community in which the applicant's business is to be conducted, and
119 (3) the applicant has the capital investment required by this section, the
120 commissioner shall issue a license to the applicant to make loans in
121 accordance with sections 36a-555 to 36a-573, inclusive. If the
122 commissioner fails to make such findings or finds that the applicant
123 made a material misstatement in the application, the commissioner
124 shall not issue a license and shall notify the applicant of the denial and
125 the reasons for such denial. The commissioner may deny an
126 application if the commissioner finds that the applicant or any
127 member, officer, or director of the applicant has been convicted of any
128 misdemeanor involving any aspect of the small loan lender business,
129 or any felony. Any denial of an application by the commissioner shall,
130 when applicable, be subject to the provisions of section 46a-80.
131 Withdrawal of an application for a license shall become effective upon
132 receipt by the commissioner of a notice of intent to withdraw such
133 application. The commissioner may deny a license up to the date one
134 year after the date the withdrawal became effective. The capital
135 investment shall be not less than twenty-five thousand dollars for each
136 licensed location in a city or town with a population of ten thousand or
137 more inhabitants and ten thousand dollars for each licensed location in
138 a city or town with a smaller population. Population shall be
139 determined according to the last United States census at the time a
140 license is granted.]

141 (a) Without having first obtained a small loan license from the
142 commissioner pursuant to section 36a-565, as amended by this act, no
143 person shall, by any method, including, but not limited to, mail,
144 telephone, Internet or other electronic means, unless exempt pursuant
145 to section 36a-557, as amended by this act:

146 (1) Make a small loan to a Connecticut borrower;

147 (2) Offer to solicit or broker, directly or indirectly arrange, place or
148 find a small loan for a prospective Connecticut borrower;

149 (3) Engage in any other activity to assist a prospective Connecticut
150 borrower in obtaining a small loan, including, but not limited to,
151 generating leads or making referrals for small loans;

152 (4) Receive payments of principal and interest in connection with a
153 small loan made to a Connecticut borrower;

154 (5) Purchase, acquire or receive assignment of a small loan made to
155 a Connecticut borrower; and

156 (6) Advertise or cause to be advertised in this state a small loan or
157 any of the services described in subdivisions (1) to (5), inclusive, of this
158 subsection.

159 (b) No person shall accept any lead, referral or application for a
160 small loan to a prospective Connecticut borrower from a person who is
161 not (1) licensed pursuant to section 36a-565, as amended by this act, or
162 (2) exempt from licensure pursuant to section 36a-557, as amended by
163 this act.

164 (c) No person shall sell, transfer, pledge, assign or otherwise dispose
165 of any small loan made to a Connecticut borrower to any person who
166 is not licensed pursuant to section 36a-565, as amended by this act, or
167 exempt from licensure pursuant to section 36a-557, as amended by this
168 act.

169 Sec. 3. Section 36a-557 of the general statutes is repealed and the
170 following is substituted in lieu thereof (*Effective July 1, 2016*):

171 [(a) An application for such license shall be in writing, under oath
172 and in the form prescribed by the commissioner, and shall include (1)
173 the history of criminal convictions of the applicant; the members, if the
174 applicant is a partnership, limited liability company or association; or
175 the officers and directors, if the applicant is a corporation, and (2)

176 sufficient information pertaining to the history of criminal convictions,
177 in a form acceptable to the commissioner, on such applicant, members,
178 officers and directors as the commissioner deems necessary to make
179 the findings under section 36a-556. The commissioner, in accordance
180 with section 29-17a, may conduct a state and national criminal history
181 records check of the applicant and of each member, officer and director
182 of the applicant. The commissioner may deem an application for a
183 license as a small loan lender abandoned if the applicant fails to
184 respond to any request for information required under sections 36a-
185 555 to 36a-573, inclusive, or any regulations adopted pursuant to said
186 sections 36a-555 to 36a-573, inclusive. The commissioner shall notify
187 the applicant, in writing, that if such information is not submitted not
188 later than sixty days after such request, the application shall be
189 deemed abandoned. An application filing fee paid prior to the date an
190 application is deemed abandoned pursuant to this subsection shall not
191 be refunded. Abandonment of an application pursuant to this
192 subsection shall not preclude the applicant from submitting a new
193 application for a license under sections 36a-555 to 36a-573, inclusive.

194 (b) Withdrawal of an application for a license filed under subsection
195 (a) of this section shall become effective upon receipt by the
196 commissioner of a notice of intent to withdraw such application. The
197 commissioner may deny a license up to the date one year after the date
198 the withdrawal became effective.]

199 The following are exempt from the requirement for licensure set
200 forth in section 36a-556, as amended by this act: (1) A bank; (2) an out-
201 of-state bank; (3) a Connecticut credit union; (4) a federal credit union;
202 (5) an out-of-state credit union; (6) a savings and loan association
203 wholly owned subsidiary service corporation; (7) a licensed
204 pawnbroker; and (8) a person engaged as a third party in collecting or
205 receiving moneys due from a Connecticut borrower on a small loan for
206 payment to others, if such person is licensed as a consumer collection
207 agency in accordance with section 36a-801.

208 Sec. 4. Section 36a-558 of the general statutes is repealed and the

209 following is substituted in lieu thereof (*Effective July 1, 2016*):

210 [(a) Each applicant for a small loan lender license, at the time of
211 making such application, shall pay to the commissioner a license fee of
212 eight hundred dollars, provided if such application is filed not earlier
213 than one year before the date such license will expire, the applicant
214 shall pay to the commissioner a license fee of four hundred dollars.
215 Each such license shall expire at the close of business on September
216 thirtieth of the odd-numbered year following its issuance, unless such
217 license is renewed, provided any license that is renewed effective July
218 1, 2003, shall expire on September 30, 2005. Each licensee shall, on or
219 before September first of the year in which the license expires, or in the
220 case of a license that expires on June 30, 2003, on or before June 1, 2003,
221 file a renewal application and pay to the commissioner a license fee of
222 eight hundred dollars to renew the license, provided if such
223 application is for renewal of a license that expires on June 30, 2003, the
224 applicant shall pay the commissioner a license fee of nine hundred
225 dollars. Any renewal application filed with the commissioner after
226 September first, or in the case of a license that expires on June 30, 2003,
227 after June 1, 2003, shall be accompanied by a one-hundred-dollar late
228 fee and any such filing shall be deemed to be timely and sufficient for
229 purposes of subsection (b) of section 4-182. Whenever an application
230 for a license, other than a renewal application, is filed under this
231 section by any person who was a licensee and whose license expired
232 less than sixty days prior to the date such application was filed, such
233 application shall be accompanied by a one-hundred-dollar processing
234 fee in addition to the application fee. Each applicant shall pay the
235 expenses of any examination or investigation made under sections 36a-
236 555 to 36a-573, inclusive.

237 (b) If the commissioner determines that a check filed with the
238 commissioner to pay a fee under subsection (a) of this section has been
239 dishonored, the commissioner shall automatically suspend the license
240 or a renewal license that has been issued but is not yet effective. The
241 commissioner shall give the licensee notice of the automatic

242 suspension pending proceedings for revocation or refusal to renew
243 and an opportunity for a hearing on such actions in accordance with
244 section 36a-51.

245 (c) No abatement of the license fee shall be made if the license is
246 surrendered, revoked or suspended prior to the expiration of the
247 period for which it was issued. All fees required by this section shall be
248 nonrefundable.]

249 (a) No person licensed or required to be licensed under section 36a-
250 556, as amended by this act, shall engage in any of the activities
251 described in subdivision (1), (2), (3) or (6) of subsection (a) of section
252 36a-556, as amended by this act, for any small loan that contains any
253 condition or provision inconsistent with the requirements in
254 subsections (d) to (g), inclusive, of this section.

255 (b) No person licensed or required to be licensed under section 36a-
256 556, as amended by this act, and no person exempt from licensure
257 under section 36a-557, as amended by this act, shall engage in any of
258 the activities described in subdivision (4), (5) or (6) of subsection (a) of
259 section 36a-556, as amended by this act, for any small loan made by a
260 person who was licensed or who was required to be licensed under
261 section 36a-556, as amended by this act, that contains any condition or
262 provision inconsistent with the requirements in subsections (d) to (g),
263 inclusive, of this section.

264 (c) (1) Except as the result of a bona fide error or as set forth in
265 subdivision (2) of this subsection, any small loan described in
266 subsection (a) or (b) of this section that contains any condition or
267 provision inconsistent with the requirements in subsections (d) to (g),
268 inclusive, of this section shall not be enforced in this state. Such small
269 loan shall be void and no person shall have the right to collect or
270 receive any principal, interest, charge or other consideration thereon.
271 Any person attempting to collect or receive principal, interest, charge
272 or other consideration on such small loan shall be subject to the
273 provisions of section 36a-570, as amended by this act.

274 (2) Subdivision (1) of this subsection shall not apply when: (A) The
275 inconsistent condition or provision is the result of a bona fide error; or
276 (B) the small loan was lawfully made in compliance with a validly
277 enacted licensed loan law of another state to a borrower who was not,
278 at the time of the making of such loan, a Connecticut borrower but
279 who has since become a Connecticut borrower.

280 (3) For the purposes of this subsection, the term "bona fide error"
281 includes, but is not limited to, clerical, calculation and computer
282 malfunction, programming and printing errors, but does not include
283 an error of legal judgment with respect to a person's obligations under
284 sections 36a-555 to 36a-573, inclusive, as amended by this act, or under
285 regulations implemented pursuant to section 36a-573, as amended by
286 this act.

287 (d) Small loans that are the subject of the activities set forth in
288 subsections (a) and (b) of section 36a-556, as amended by this act, shall
289 not contain:

290 (1) For a small loan that is under five thousand dollars, an annual
291 percentage rate that exceeds the maximum annual percentage rate for
292 interest that is permitted with respect to the consumer credit extended
293 under the Military Lending Act, 10 USC 987 et seq., as amended from
294 time to time, or for a small loan that is between five thousand and
295 fifteen thousand dollars, an annual percentage rate that exceeds
296 twenty-five per cent;

297 (2) A provision that increases the interest rate due to default;

298 (3) A payment schedule with regular periodic payments that when
299 aggregated do not fully amortize the outstanding principal balance;

300 (4) A payment schedule with regular periodic payments that cause
301 the principal balance to increase;

302 (5) A payment schedule that consolidates more than two periodic
303 payments and pays them in advance from the proceeds, unless such

304 payments are required to be escrowed by a governmental agency;

305 (6) A prepayment penalty;

306 (7) An adjustable rate provision;

307 (8) A waiver of participation in a class action or a provision
308 requiring a borrower, whether acting individually or on behalf of
309 others similarly situated, to assert any claim or defense in a nonjudicial
310 forum that: (A) Utilizes principles that are inconsistent with the law as
311 set forth in the general statutes or common law; (B) limits any claim or
312 defense the borrower may have; or (C) is less convenient, more time
313 consuming and more costly for the resolution of a dispute than a
314 judicial forum established in this state where the borrower may
315 otherwise properly bring a claim or defense;

316 (9) A call provision that permits the lender, in its sole discretion, to
317 accelerate the indebtedness, except when repayment of the loan is
318 accelerated by a bona fide default pursuant to a due-on-sale clause
319 provision or another provision of the loan agreement unrelated to the
320 payment schedule, including, but not limited to, bankruptcy or
321 receivership;

322 (10) A security interest, except as provided in subsection (e) of this
323 section; or

324 (11) Fees or charges of any kind, except as expressly permitted by
325 subsection (e) of this section.

326 (e) Small loans as described in subsections (a) and (b) of this section
327 may contain provisions:

328 (1) For late fees, if: (A) Such fees are assessed after an installment
329 remains unpaid for ten or more consecutive days, including Sundays
330 and holidays; (B) such fees do not exceed the lesser of five per cent of
331 the outstanding installment payment, excluding any previously
332 assessed late fees, or a total of ten dollars per month, whichever is less;

333 and (C) no interest is charged on such fees;

334 (2) Allowing charges for a dishonored check or any other form of
335 returned payment, provided the total fee for such returned payment
336 shall not exceed twenty dollars;

337 (3) Allowing for collection of deferral charges, but only upon the
338 specific written authorization of the borrower and in a total amount
339 not to exceed the interest due during the applicable billing cycle;

340 (4) Allowing for the accrual of interest after the maturity date or the
341 deferred maturity date, provided such interest shall not exceed twelve
342 per cent per annum computed on a daily basis on the respective
343 unpaid balances;

344 (5) Providing for reasonable attorney's fees subject to the conditions
345 and restrictions set forth in section 42-150aa;

346 (6) Including credit life insurance or credit accident and health
347 insurance subject to the conditions and restrictions set forth in section
348 36a-559, as amended by this act;

349 (7) Taking a security interest in a motor vehicle in connection with a
350 closed-end small loan made solely for the purchase of such motor
351 vehicle, provided the APR of such loan shall not exceed the rates
352 indicated for the respective classifications of motor vehicles as follows:
353 (A) New motor vehicles, fifteen per cent; (B) used motor vehicles of a
354 model designated by the manufacturer by a year not more than two
355 years prior to the year in which the sale is made, seventeen per cent;
356 and (C) used motor vehicles of a model designated by the
357 manufacturer by a year more than two years prior to the year in which
358 the sale is made, nineteen per cent.

359 (f) Open-end small loans as described in subsections (a) and (b) of
360 this section shall, in addition to the requirements set forth in
361 subsections (d) and (e) of this section:

362 (1) Not have an APR that exceeds nineteen and eight-tenths per
363 cent;

364 (2) Not provide for an advance of money exceeding at any one time
365 an unpaid principal of fifteen thousand dollars;

366 (3) Provide for payments and credits to be made to the same
367 borrower's account from which advances, interests, charges and costs
368 on such loan are debited;

369 (4) Provide for interest to be computed on any unpaid principal
370 balance of the account in each billing cycle by one of the following
371 methods: (A) By converting the APR to a daily rate and multiplying
372 such daily rate by the daily unpaid principal balance of the account, in
373 which case the daily rate is determined by dividing the APR by three
374 hundred sixty-five; or (B) by converting the APR to a monthly rate and
375 multiplying the monthly rate by the average daily unpaid principal
376 balance of the account in the billing cycle, in which case (i) the monthly
377 rate is determined by dividing the APR by twelve, and (ii) the average
378 daily unpaid principal balance is the sum of the amount unpaid each
379 day during the cycle divided by the number of days in the cycle. In
380 either of such computations, the billing cycle shall be monthly and the
381 unpaid principal balance on any day shall be determined by adding to
382 any balance unpaid as of the beginning of such day all advances and
383 other permissible amounts charged to the borrower and deducting all
384 payments and other credits made or received that day;

385 (5) Not compound interest or charges by adding any unpaid interest
386 or charges authorized by sections 36a-555 to 36a-573, inclusive, as
387 amended by this act, to the unpaid principal balance of the borrower's
388 account; or

389 (6) Not include any other fees or charges of any kind, except as
390 expressly permitted by subsection (g) of this section.

391 (g) Open-end small loans as described in subsections (a) and (b) of
392 this section, in addition to the requirements set forth in subsections (d)

393 to (f), inclusive, of this section, may:

394 (1) Provide for an annual fee for the privileges made available to the
395 borrower under the open-end loan agreement, provided such annual
396 fee shall not exceed fifty dollars; and

397 (2) Include credit life insurance or credit accident and health
398 insurance, subject to the conditions and restrictions set forth in section
399 36a-559, as amended by this act.

400 (h) No person licensed or required to be licensed under sections 36a-
401 555 to 36a-573, inclusive, as amended by this act, who is engaged in
402 generating leads shall:

403 (1) Initiate any outbound telephone call using an automatic
404 telephone dialing system or an artificial or prerecorded voice without
405 the prior express written consent of the recipient;

406 (2) Fail to transmit or cause to transmit the lead generator's name
407 and telephone number to any caller identification service in use by a
408 consumer;

409 (3) Initiate an outbound telephone call to a consumer's residence
410 between nine o'clock p.m. and eight o'clock a.m. local time at the
411 consumer's location;

412 (4) Fail to clearly and conspicuously identify the lead generator and
413 the purpose of the contact in its written and oral communications with
414 a consumer;

415 (5) Fail to provide the ability to opt out of any unsolicited
416 advertisement communicated to a consumer via an electronic mail
417 address;

418 (6) Initiate an unsolicited advertisement via electronic mail to a
419 consumer more than ten business days after the receipt of a request
420 from such consumer to opt out of such unsolicited advertisements;

421 (7) Use a subject heading or electronic mail address in a commercial
422 electronic mail message that would likely mislead a recipient, acting
423 reasonably under the circumstances, about a material fact regarding
424 the sender, contents or subject matter of the message;

425 (8) Sell, lease, exchange or otherwise transfer or release the
426 electronic mail address or telephone number of a consumer who has
427 requested to be opted out of future solicitations;

428 (9) Collect, buy, lease, exchange or otherwise transfer or receive an
429 individual's Social Security number or bank account number;

430 (10) Use information from a trigger lead to solicit consumers who
431 have opted out of firm offers of credit under the federal Fair Credit
432 Reporting Act;

433 (11) Initiate a telephone call to a consumer who has placed his or her
434 contact information on a federal or state Do Not Call list, unless the
435 consumer has provided express written consent;

436 (12) Represent to the public, through advertising or other means of
437 communicating or providing information, including, but not limited
438 to, the use of business cards or stationery, brochures, signs or other
439 promotional items, that such lead generator can or will perform any
440 other activity requiring licensure under title 36a, unless such lead
441 generator is duly licensed to perform such other activity or exempt
442 from such licensure requirements;

443 (13) Refer applicants to, or receive a fee from, any person who is
444 required to be licensed under title 36a, but was not so licensed as of the
445 time of the performance of such lead generator's services;

446 (14) Assist or aid and abet any person in the conduct of business
447 requiring licensure under title 36a when such person does not hold the
448 license required;

449 (15) Directly or indirectly employ any scheme, device or artifice to

450 defraud or mislead any person;

451 (16) Make, in any manner, any false, misleading or deceptive
452 statement or representation in connection with a small loan or engage
453 in bait and switch advertising; or

454 (17) Negligently make any false statement or knowingly and
455 wilfully make any omission of material fact in connection with any
456 information or report filed with a governmental agency or the system
457 or in connection with any investigation conducted by the
458 commissioner or another governmental agency.

459 Sec. 5. Section 36a-559 of the general statutes is repealed and the
460 following is substituted in lieu thereof (*Effective July 1, 2016*):

461 [No license shall be assignable nor shall any license be transferable
462 to cover a place of business not located in either the same or an
463 adjacent city or town. Any change in a licensee's place of business
464 either within the same or to an adjacent city or town shall be in
465 accordance with section 36a-562. The license shall be kept
466 conspicuously posted in the place of business of the licensee. Every
467 license shall remain in force and effect until the same has been
468 surrendered, revoked or suspended, or has expired in accordance with
469 the provisions of sections 36a-555 to 36a-573, inclusive. Any license
470 which is revoked or suspended shall be immediately surrendered to
471 the commissioner. If any change occurs in the personnel of the
472 partners, principals, directors, officers or managers of any licensee, the
473 licensee shall forthwith notify the commissioner, and the commissioner
474 may require a statement under oath giving such information as the
475 commissioner may reasonably require with respect to such change.]

476 (a) Subject to the conditions provided in this section, insurance may
477 be sold to a Connecticut borrower at the request of the borrower (1) for
478 insuring the life of persons obligated on a small loan pursuant to
479 sections 38a-645 to 38a-658, inclusive, and (2) providing accident and
480 health insurance covering one person on a small loan pursuant to

481 sections 38a-645 to 38a-658, inclusive. In the case of credit life
482 insurance sold under subdivision (1) of this subsection, the amount of
483 the insurance shall be sufficient to pay the total balance of the loan due
484 on the date of the insured's death. Credit accident and health insurance
485 sold under subdivision (2) of this subsection shall not provide
486 indemnity against the risk of a borrower becoming disabled for a
487 period of less than fourteen days, except that it may provide for
488 retroactive coverage if the disability continues for the period stated in
489 the policy. Irrespective of the number of obligors, only one obligor
490 may be insured, except that life insurance may cover both a borrower
491 and such borrower's spouse where both are obligors on a small loan. A
492 licensee shall not require the purchase of insurance as a condition
493 precedent to the making of a small loan. A licensee shall, both verbally
494 and in writing, inform the borrower prior to entering into any small
495 loan contract of his or her right not to purchase credit insurance. In
496 order to be excluded from the APR calculation, the charge for
497 insurance shall be reasonable, the licensee may not receive any direct
498 or indirect compensation relating to the sale of the insurance and the
499 charge for the insurance may not be paid to an affiliate of the licensee.

500 (b) If a borrower obtains credit accident and health insurance, the
501 borrower shall have the right to cancel such credit accident and health
502 insurance at any time by giving written notice of cancellation to the
503 licensee. Notification of this right shall be made in the borrower's
504 insurance election. All persons obligated on the loan shall agree, in
505 writing, to the cancellation and return all certificates of insurance.
506 Upon cancellation, the licensee shall, at the licensee's option, either
507 refund the insurance charges to the borrower or apply them to the
508 unpaid balance of the loan.

509 (c) For the purposes of this section, in the case of an open-end small
510 loan, the additional charge for credit life insurance or credit accident
511 and health insurance shall be calculated in each billing cycle by
512 applying the current monthly premium rate for such insurance, as
513 such rate may be determined by the Insurance Commissioner, to the

514 unpaid balances in the account, using any of the methods for the
515 calculation of loan charges specified in subdivision (4) of subsection (f)
516 of section 36a-558, as amended by this act. No credit life insurance or
517 credit accident and health insurance written in connection with an
518 open-end small loan shall be cancelled by the licensee because of
519 delinquency of the borrower in the making of the required minimum
520 payments on the loan unless (1) one or more of such payments is past
521 due for a period of ninety days or more, and (2) the licensee advances
522 to the insurer the amounts required to keep the insurance in force
523 during such period, which amounts may be debited from the
524 borrower's account. Any cancellation shall be effective at the end of the
525 billing cycle in which the notice is received and the licensee shall
526 discontinue any further charges for credit accident and health
527 insurance.

528 Sec. 6. Section 36a-560 of the general statutes is repealed and the
529 following is substituted in lieu thereof (*Effective July 1, 2016*):

530 [No licensee shall make any loan provided for by sections 36a-555 to
531 36a-573, inclusive, under any other name or at any other place of
532 business than that named in the license. Not more than one place of
533 business shall be maintained under the same license, but the
534 commissioner may issue more than one license to the same licensee
535 upon compliance with the provisions of sections 36a-555 to 36a-573,
536 inclusive, as to each new license. Not later than fifteen days after a
537 licensee ceases to engage in this state in the business of a small loan
538 lender for any reason, including a business decision to terminate
539 operations in this state, license revocation, bankruptcy or voluntary
540 dissolution, such licensee shall surrender to the commissioner in
541 person or by registered or certified mail its license for each location in
542 which such licensee has ceased to engage in such business.]

543 No licensee shall:

544 (1) Cause a borrower, including, but not limited to, a comaker or
545 guarantor, to owe at any time more than fifteen thousand dollars for

546 principal;

547 (2) Induce or permit a borrower to split or divide any small loan or
548 loans, or induce or permit a borrower to become obligated, directly or
549 indirectly, under more than one contract of loan at the same time,
550 primarily for the purpose of obtaining rates or charges that would
551 otherwise be prohibited by any applicable provision of sections 36a-
552 555 to 36a-573, inclusive, as amended by this act;

553 (3) Take any (A) confession of judgment, (B) power of attorney, (C)
554 note or promise to pay that does not state the actual amount of the
555 loan, the time period for which the loan is made of the charges for such
556 loan, or (D) instrument related to the loan in which blanks are left to be
557 filled after the loan is made;

558 (4) Offer the borrower any other product or service in connection
559 with a small loan unless (A) permitted by sections 36a-555 to 36a-573,
560 inclusive, as amended by this act, (B) authorized under another license,
561 or by applicable exemption from any requirement for such licensure,
562 to offer such product or services, or (C) if no separate license or
563 exemption therefrom is required to offer such product or services,
564 authorized in advance, in writing, by the commissioner upon being
565 satisfied that such other product or service is of such a character that
566 the granting of such authority would not permit or easily facilitate
567 evasion of the provisions of sections 36a-555 to 36a-573, inclusive, as
568 amended by this act, or of any regulations promulgated thereunder; or

569 (5) Renew or refinance a small loan unless the renewal or
570 refinancing of the loan will result in a distinct advantage to the
571 borrower, provided restoration to a contractually up-to-date condition
572 shall not, in itself, constitute a distinct advantage to the borrower.

573 Sec. 7. Section 36a-561 of the general statutes is repealed and the
574 following is substituted in lieu thereof (*Effective July 1, 2016*):

575 [No licensee shall conduct the business of making loans under the
576 provisions of sections 36a-555 to 36a-573, inclusive, in association or

577 conjunction with any other type of business or within any office or
578 room where any other type of business is solicited or engaged in,
579 except as may be authorized in writing by the commissioner upon
580 being satisfied that such other business is of such a character that the
581 granting of such authority would not permit or easily facilitate
582 evasions of the provisions of sections 36a-555 to 36a-573, inclusive, or
583 of any regulations adopted under section 36a-570.]

584 No person shall, directly or indirectly, assist or aid and abet any
585 person in conduct prohibited by sections 36a-555 to 36a-573, inclusive,
586 as amended by this act.

587 Sec. 8. Section 36a-562 of the general statutes is repealed and the
588 following is substituted in lieu thereof (*Effective July 1, 2016*):

589 [Prior to changing a licensee's place of business either within the
590 same city or town or to an adjacent city or town, the licensee shall
591 apply to the commissioner, who shall investigate the facts and, if the
592 commissioner finds (1) that allowing the licensee to engage in business
593 in the proposed location is not detrimental to the convenience and
594 advantage of the community, and (2) that the proposed location is
595 reasonably accessible to borrowers under existing loan contracts, the
596 commissioner shall approve the change. If the commissioner does not
597 so find, the commissioner shall deny the application.]

598 In each case where a license is required by section 36a-556, as
599 amended by this act, the licensee shall have a main office license and
600 may have a branch office license. All offices shall be located in the
601 United States. Each main office shall have a qualified individual, who
602 shall be responsible for supervising all aspects of the licensee's small
603 loan business. Each branch shall have a branch manager, who shall be
604 responsible for supervising all aspects of the branch's small loan
605 business.

606 Sec. 9. Section 36a-563 of the 2016 supplement to the general statutes
607 is repealed and the following is substituted in lieu thereof (*Effective July*

608 1, 2016):

609 [(a) Every licensee under sections 36a-555 to 36a-573, inclusive, may
610 loan any sum of money not exceeding fifteen thousand dollars,
611 excluding charges, and may charge, contract for and receive thereon
612 charges at a rate not to exceed the following: (1) On any loan which
613 does not exceed one thousand eight hundred dollars, excluding
614 charges, or on any unsecured loan or on any loan secured only by
615 credit life insurance, seventeen dollars per one hundred dollars on that
616 part of the cash advance, not exceeding six hundred dollars, and
617 eleven dollars per one hundred dollars on any remainder when the
618 loan is made payable over a period of one year, and proportionately at
619 those rates over a longer or shorter term of loan; (2) on a loan which
620 exceeds one thousand eight hundred dollars, excluding charges, and
621 which is secured by property other than credit life insurance, eleven
622 dollars per one hundred dollars on the entire cash advance when the
623 loan is made payable over a period of one year, and proportionately at
624 that rate over a longer or shorter term of loan. Such charges shall be
625 computed at the time the loan is made on the full amount of the cash
626 advance for the full term of the loan contract, notwithstanding any
627 agreement to repay the loan in installments. Such charges shall be
628 added to the cash advance and the resulting sum may become the face
629 amount of the note. All payments made on account of any loan, except
630 those applied to default and deferment charges, shall be deemed to be
631 applied to the unpaid installments in the order in which they are due.

632 (b) For the purpose of computations, whether at the maximum rate
633 or less, a month shall be that period of time from any date in one
634 month to the corresponding date in the next month, but if there is no
635 such corresponding date, then to the last day of the next month, and a
636 day shall be considered one-thirtieth of a month when such
637 computation is made for a fraction of a month. For loans originally
638 scheduled to be repaid over a period of forty-eight months and fifteen
639 days or less, the portion of the charges applicable to any particular
640 monthly installment period, as originally scheduled or following a

641 deferment, shall bear the same ratio to the total charges, excluding any
642 adjustment made under subsection (c) of this section, as the balance
643 scheduled to be outstanding during that monthly period bears to the
644 sum of all the monthly balances scheduled originally by the contract of
645 loan. For loans originally scheduled to be repaid over a period in
646 excess of forty-eight months and fifteen days, the portion of the
647 charges applicable to any particular monthly installment period, as
648 originally scheduled or following a deferment, shall be the charges
649 which would be incurred for that monthly installment period if the
650 annual percentage rate disclosed to the borrower pursuant to sections
651 36a-675 to 36a-686, inclusive, were charged, by the actuarial method,
652 on the disclosed amount financed and all payments were made
653 according to schedule.

654 (c) Notwithstanding the requirement in subsection (a) of this
655 section, a borrower and licensee may agree that the first installment
656 due date may be not more than fifteen days more than one month, and
657 the charge for each day in excess of one month shall be one-thirtieth of
658 the portion of the charges applicable to a first installment period of one
659 month. The charges for the extra days shall be added to the first
660 installment, but shall be excluded in computing deferment charges and
661 refunds. When a loan contract provides for extra days in a first
662 installment period, for the purposes of sections 36a-555 to 36a-573,
663 inclusive, such extra days shall be treated as the first days in the first
664 installment period and the due dates of the remaining installments
665 shall be calculated from the due date of such first installment.

666 (d) If any installment remains unpaid for ten or more consecutive
667 days, including Sundays and holidays, after it is due, the licensee may
668 charge and collect a default charge not exceeding the lesser of seven
669 dollars and fifty cents or five cents per dollar, or fraction thereof, of
670 such scheduled installment, except a minimum default charge of three
671 dollars may be charged and collected. Default charges may be
672 collected when due or at any time thereafter, but may not be
673 accumulated until the last payment date.

674 (e) If, as of an installment due date, the payment date of all wholly
675 unpaid installments is deferred one or more full months and the
676 maturity of the contract is extended for a corresponding period, the
677 licensee may charge and collect a deferment charge not exceeding the
678 charge applicable to the first of the installments deferred, multiplied
679 by the number of months in the deferment period. The deferment
680 period is that period during which no payment is made or required by
681 reason of such deferment, except that no deferment made pursuant to
682 this subsection shall extend the maturity of any contract made under
683 sections 36a-555 to 36a-573, inclusive, for more than (1) three months,
684 for loans originally repayable in twenty-four months or less, (2) five
685 months, for loans originally repayable in more than twenty-four
686 months but not more than forty-eight months, and (3) eight months,
687 for loans originally repayable in more than forty-eight months. The
688 deferment charge may be collected at the time of deferment or at any
689 time thereafter. The portion of the charges contracted for under
690 subsection (a) of this section applicable to each deferred balance and
691 installment period following the deferment period shall remain the
692 same as that applicable to such balance and period under the original
693 contract of loan. No installment on which a default charge has been
694 collected, or on account of which any partial payment has been made,
695 shall be deferred or included in the computation of the deferment
696 charge unless such default charge or partial payment is refunded to the
697 borrower or credited to the deferment charge. Any payment received
698 at the time of deferment may be applied first to the deferment charge
699 and the remainder, if any, applied to the unpaid balance of the
700 contract, but if such payment is sufficient to pay, in addition to the
701 appropriate deferment charge, any installment which is in default and
702 the applicable default charge, it shall be first so applied and any such
703 installment shall not be deferred or subject to the deferment charge. If
704 a loan is prepaid in full during the deferment period, the borrower
705 shall receive, in addition to the refund required under subsection (f) of
706 this section, a refund of that portion of the deferment charge applicable
707 to any unexpired full month or months of such deferment period.

708 (f) If the contract of loan is prepaid in full by cash, a new loan or
709 otherwise, before the final installment date, the portion of the charges
710 applicable to the full installment periods, as scheduled originally in the
711 loan contract or as rescheduled by reason of any deferment made
712 pursuant to sections 36a-555 to 36a-573, inclusive, following the date of
713 prepayment shall be refunded or credited to the borrower. Where
714 prepayment occurs on other than a monthly installment due date, it
715 shall be deemed to have occurred on the preceding or succeeding
716 installment due date nearest to the date of prepayment. Where
717 prepayment occurs on a date midpoint between the preceding and
718 succeeding monthly installment due dates, it shall be deemed to have
719 occurred on the preceding monthly due date. In all cases where
720 prepayment occurs before the first monthly installment due date, it
721 shall be deemed to have occurred on the first monthly installment due
722 date. If judgment is obtained before the final installment date, the
723 judgment shall reflect the refund which would be required for
724 prepayment in full as of the date judgment is obtained. No refund of
725 less than one dollar or for partial prepayments need be made.

726 (g) If part or all of the consideration for a loan contract is the unpaid
727 balance, excluding default charges, of a prior loan with the same
728 licensee, the cash advance under such new loan contract may include
729 the balance of the prior contract which remains after giving the
730 required refund.

731 (h) In addition to the charges provided for by sections 36a-555 to
732 36a-573, inclusive, and service charges that are imposed for a check
733 that is dishonored as provided in subsection (i) of section 52-565a, no
734 further or other charge or amount for any examination, service,
735 brokerage, commission or other thing, or otherwise, shall be directly or
736 indirectly charged, contracted for or received. If interest or any other
737 charges in excess of those permitted by said sections are charged,
738 contracted for or received, except as the result of a bona fide error, the
739 contract of loan shall be void and the licensee shall have no right to
740 collect or receive any principal, interest or charges. No person shall

741 owe any licensee, as such, at any time more than fifteen thousand
742 dollars for principal as a borrower, comaker or guarantor for loans
743 made under said sections. No licensee shall induce or permit any
744 borrower or borrowers to split or divide any loan or loans made under
745 said sections, or permit any borrower to become obligated, directly or
746 indirectly, under more than one contract of loan under said sections at
747 the same time primarily for the purpose of obtaining a higher rate of
748 charge than would otherwise be permitted by said sections. No
749 contract made under said sections, except as deferred in accordance
750 with subsection (e) of this section, shall provide for a greater rate of
751 interest than twelve per cent per annum on the balance remaining
752 unpaid twenty-four months and fifteen days after the date of making
753 such contract if the original cash advance was one thousand dollars or
754 less or thirty-six months and fifteen days if the original cash advance
755 was in excess of one thousand dollars but not in excess of one
756 thousand eight hundred dollars. No contract made under said sections
757 with an original cash advance in excess of one thousand eight hundred
758 dollars, except as deferred in accordance with subsection (e) of this
759 section, shall provide for a greater rate of interest than twelve per cent
760 per annum on the balance remaining unpaid on the scheduled
761 maturity date of said contract. No part of the principal balance
762 remaining unpaid by a borrower twenty-four months and fifteen days
763 after making such contract where the original cash advance was one
764 thousand dollars or less or thirty-six months and fifteen days where
765 the original cash advance was in excess of one thousand dollars but
766 not in excess of one thousand eight hundred dollars, shall directly or
767 indirectly be renewed or refinanced by the lender who made such
768 loan. If the maturity date of a loan made under said sections has been
769 extended by deferred payments, the maximum renewal period that
770 such loan may be extended shall be the number of months such loan is
771 deferred. When a contract is renewed or refinanced prior to twenty-
772 four months and fifteen days where the original cash advance was one
773 thousand dollars or less or thirty-six months and fifteen days where
774 the original cash advance exceeded one thousand dollars but did not
775 exceed one thousand eight hundred dollars, from the date of making

776 such contract, such renewal or refinancing shall, for the purposes of
777 this section, be deemed a separate loan transaction.

778 (i) Notwithstanding the provisions of subsection (a) of this section,
779 on any loan secured by real property a licensee may include in the
780 amount of the loan the following closing costs, provided such costs are
781 bona fide, reasonable in amount and not assessed for the purpose of
782 circumventing or otherwise limiting any applicable provision of
783 sections 36a-555 to 36a-573, inclusive: (1) Fees or premiums for title
784 examination, abstract of title, title insurance, surveys, or similar
785 purposes; (2) appraisals, if made by a person who is not an employee
786 or affiliated with the licensee, and (3) fees and taxes paid to public
787 officials for the recording and release of any document related to the
788 real estate security. A licensee may collect costs incurred in the event
789 of foreclosure which shall not include any attorney's fee.

790 (j) No agreement with respect to a loan under sections 36a-555 to
791 36a-573, inclusive, may provide for charges resulting from default by
792 the borrower, other than those authorized by said sections.]

793 (a) An application for a small loan license shall be made and
794 processed on the system pursuant to section 36a-24b, in the form
795 prescribed by the commissioner on the system. Each such form shall
796 contain content as set forth by instruction or procedure of the
797 commissioner and may be changed or updated as necessary by the
798 commissioner in order to carry out the purpose of sections 36a-555 to
799 36a-573, inclusive, as amended by this act. The applicant shall, at a
800 minimum, furnish to the system, in a form prescribed by the system,
801 information concerning the identity of the applicant and any control
802 person of the applicant, the qualified individual and any branch
803 manager, including personal history and experience in a form
804 prescribed by the system and information related to any
805 administrative, civil or criminal findings by any governmental
806 jurisdiction. The commissioner, in accordance with section 29-17a, may
807 conduct a state and national criminal history records check of the
808 applicant and its control persons, qualified individual and branch

809 manager, and, in accordance with section 36a-24b, may require the
810 submission of fingerprints to the Federal Bureau of Investigation or
811 other state, national or international criminal databases and may
812 require control persons, qualified individuals and branch managers to
813 furnish authorization for the system and the commissioner to obtain an
814 independent credit report from a consumer reporting agency described
815 in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as
816 amended from time to time. Applicants may also be required to
817 upload on the system an audited financial statement prepared by a
818 certified public accountant in accordance with generally accepted
819 accounting principles dated not later than ninety days after the end of
820 the applicant's fiscal year. Such financial statement shall include a
821 balance sheet, income statement, statement of cash flows and all
822 relevant notes thereto. If the applicant is a start-up company, only an
823 initial statement of condition shall be required.

824 (b) The commissioner may deem an application for a small loan
825 license abandoned if the applicant fails to respond to any request for
826 information required under sections 36a-555 to 36a-573, inclusive, as
827 amended by this act, or any regulation adopted pursuant to section
828 36a-573, as amended by this act. The commissioner shall notify the
829 applicant on the system that if such information is not submitted on or
830 before sixty days after the date of such request, the application shall be
831 deemed abandoned. An application filing fee paid prior to the date an
832 application is deemed abandoned pursuant to this subsection shall not
833 be refunded. Abandonment of an application pursuant to this
834 subsection shall not preclude the applicant from submitting a new
835 application for a license under sections 36a-555 to 36a-573, inclusive, as
836 amended by this act.

837 Sec. 10. Section 36a-564 of the general statutes is repealed and the
838 following is substituted in lieu thereof (*Effective July 1, 2016*):

839 [As used in section 36a-563 and section 36a-568, "cash advance"
840 means the cash or its equivalent received by the borrower or paid out
841 on the borrower's behalf or at the borrower's direction or request.]

842 (a) Each applicant for a small loan license shall pay to the system
843 any required fees or charges and a license fee of four hundred dollars.
844 Each such license shall expire at the close of business on December
845 thirty-first of the year in which the license was approved, unless such
846 license is renewed, and provided any such license that is approved on
847 or after November first shall expire at the close of business on
848 December thirty-first of the year following the year in which it is
849 approved. An application for renewal of a license shall be filed
850 between November first and December thirty-first of the year in which
851 the license expires. Each applicant for renewal of a small loan license
852 shall pay to the system any required fees or charges and a renewal fee
853 of four hundred dollars.

854 (b) In accordance with section 36a-27b, the commissioner shall
855 automatically suspend any license if such person receives a deficiency
856 on the system indicating that a required payment was Returned-ACH
857 or returned pursuant to any other term as may be utilized by the
858 system to indicate that payment was not accepted. After the license has
859 been automatically suspended pursuant to this subsection, the
860 commissioner shall give such licensee notice of the automatic
861 suspension pending proceedings for revocation or refusal to renew
862 pursuant to section 36a-570, as amended by this act, and an
863 opportunity for a hearing on such action in accordance with section
864 36a-51, and require such licensee to take or refrain from taking such
865 action that, in the opinion of the commissioner, will effectuate the
866 purposes of this section.

867 (c) No abatement of the license fee shall be made if the license is
868 surrendered, revoked or suspended prior to the expiration of the
869 period for which the license was issued. All fees required by this
870 section shall be nonrefundable.

871 Sec. 11. Section 36a-565 of the general statutes is repealed and the
872 following is substituted in lieu thereof (*Effective July 1, 2016*):

873 [(a) "Open-end loan" means a loan made by a licensee under

874 sections 36a-555 to 36a-573, inclusive, pursuant to an agreement
875 between the licensee and the borrower whereby: (1) The licensee may
876 permit the borrower to obtain advances of money from the licensee
877 from time to time or the licensee may advance money on behalf of the
878 borrower from time to time as directed by the borrower, not exceeding
879 at any one time an unpaid principal balance of fifteen thousand
880 dollars; (2) the amount of each advance and permitted interest, charges
881 and costs are debited to the borrower's account and payments and
882 other credits are credited to the same account; (3) the interest is
883 computed on the unpaid principal balance or balances of the account
884 from time to time; (4) the borrower has the privilege of paying the
885 account in full at any time or, if the account is not in default, in
886 monthly installments of fixed or determinable amounts as provided in
887 the agreement; and (5) the agreement expressly states that it covers
888 open-end loans pursuant to said sections.

889 (b) "Billing cycle" means the time interval between periodic billing
890 dates. A billing cycle shall be considered monthly if the closing date of
891 the cycle is the same date each month or does not vary by more than
892 four days from such date.

893 (c) A licensee may make open-end loans and may charge, contract
894 for and receive thereon interest at an annual percentage rate not to
895 exceed nineteen and eight-tenths per cent for any open-end loan
896 agreement entered into on and after July 1, 1991. A licensee may also
897 receive, pursuant to any such agreement entered into on and after July
898 1, 1991, one or more of the following charges if the agreement so
899 provides: (1) An annual fee not to exceed fifty dollars for the privileges
900 made available to the borrower under the open-end loan agreement;
901 (2) a default charge subject to the conditions and restrictions set forth
902 in subsection (d) of section 36a-563; (3) service charges that are
903 imposed for a check that is dishonored as provided in subsection (i) of
904 section 52-565a; and (4) reasonable attorneys' fees subject to the
905 conditions and restrictions set forth in section 42-150aa. In addition to
906 the charges provided for by this section, no further or other charge or

907 amount for any examination, service, brokerage, commission or other
908 thing, or otherwise, shall be directly or indirectly charged, contracted
909 for or received. If interest or any charges in excess of those permitted
910 by this section are charged, contracted for or received, except as the
911 result of a bona fide error, the contract of loan shall be void and the
912 licensee shall have no right to collect or receive any principal, interest
913 or charges. No person shall owe any licensee, as such, at any time
914 more than fifteen thousand dollars for principal as a borrower,
915 comaker or guarantor for loans made under this section. As used in
916 this section, the term "bona fide error" includes, but shall not be limited
917 to, clerical, calculation, computer malfunction and programming and
918 printing errors, but does not include an error of legal judgment with
919 respect to a person's obligations under sections 36a-555 to 36a-573,
920 inclusive.

921 (d) A licensee shall not compound interest or charges by adding any
922 unpaid interest or charges authorized by this section to the unpaid
923 principal balance of the borrower's account.

924 (e) Interest authorized by this section shall be computed in each
925 billing cycle by any of the following methods: (1) By converting the
926 annual percentage rate to a daily rate and multiplying such daily rate
927 by the daily unpaid principal balance of the account, in which case the
928 daily rate is determined by dividing the annual percentage rate by
929 three hundred and sixty-five; or (2) by converting the annual
930 percentage rate to a monthly rate and multiplying the monthly rate by
931 the average daily unpaid principal balance of the account in the billing
932 cycle, in which case the monthly rate is determined by dividing the
933 annual percentage rate by twelve and the average daily unpaid
934 principal balance is the sum of the amount unpaid each day during the
935 cycle divided by the number of days in the cycle.

936 (f) For all of the methods of computation specified in subsection (e)
937 of this section, the billing cycle shall be monthly and the unpaid
938 principal balance on any day shall be determined by adding to any
939 balance unpaid as of the beginning of that day all advances and other

940 permissible amounts charged to the borrower and deducting all
941 payments and other credits made or received that day.

942 (g) Credit life insurance and credit accident and health insurance
943 may be sold to the borrower on open-end loans subject to the
944 conditions and restrictions set forth in section 36a-566. In the case of
945 credit life insurance, the amount of the insurance shall be sufficient to
946 pay the total balance of the loan due on the date of the insured's death.
947 The additional charge for credit life insurance and credit accident and
948 health insurance shall be calculated in each billing cycle by applying
949 the current monthly premium rate for such insurance, as such rate may
950 be determined by the Insurance Commissioner, to the unpaid balances
951 in the account, using any of the methods specified in subsection (e) of
952 this section for the calculation of loan charges. No credit life insurance
953 or credit accident and health insurance written in connection with an
954 open-end loan shall be cancelled by the licensee because of
955 delinquency of the borrower in the making of the required minimum
956 payments on the loan unless one or more of such payments is past due
957 for a period of ninety days or more; and the licensee shall advance to
958 the insurer the amounts required to keep the insurance in force during
959 such period, which amounts may be debited to the borrower's account.
960 The borrower shall have the right to cancel credit accident and health
961 insurance at any time by giving written notice of cancellation to the
962 licensee. Such cancellation shall be effective at the end of the billing
963 cycle in which the notice is received and the licensee shall discontinue
964 any further charges for credit accident and health insurance.

965 (h) No licensee shall take any confession of judgment or any power
966 of attorney. No licensee shall take a mortgage, lien, security interest in
967 or assignment or pledge of household goods or assignment of wages
968 as security for any open-end loan made pursuant to this section. No
969 licensee shall take a security interest in chattels, tangible or intangible
970 personal property, motor vehicles or real property to secure an open-
971 end loan made pursuant to this section.

972 (i) A copy of the open-end loan agreement shall be delivered by the

973 licensee to the borrower at the time the open-end account is opened.

974 (j) Sections 36a-563, 36a-567 and 36a-568 shall not apply to open-end
975 loans made in accordance with the provisions of this section.]

976 (a) Upon the filing of the required application and license fee under
977 sections 36a-563 and 36a-564, as amended by this act, the
978 commissioner shall investigate the facts and no license shall be granted
979 unless the commissioner finds that: (1) The experience, character and
980 general fitness of the applicant and its control persons, qualified
981 individual and any branch manager are satisfactory; (2) the activities to
982 be conducted by the applicant will be for the convenience and
983 advantage of the consumers it seeks to serve; (3) the applicant has
984 available the funds required by subsection (d) of this section; and (4)
985 the applicant and its control persons and any qualified individual and
986 branch manager have not made a material misstatement in the
987 application. If the commissioner fails to make such findings, the
988 commissioner shall not issue a license and shall notify the applicant of
989 the denial and the reasons for such denial.

990 (b) Notwithstanding the provisions of subsection (a) of this section,
991 the commissioner may deny an application if the applicant or its
992 control persons or qualified individual or branch manager have
993 demonstrated a lack of financial responsibility. For purposes of this
994 subsection, a person has shown that he or she is not financially
995 responsible when such person has shown a disregard in the
996 management of such person's own financial condition. A
997 determination that a person has not shown financial responsibility
998 may include, but is not limited to: (1) Current outstanding judgments,
999 except judgments solely as a result of medical expenses; (2) current
1000 outstanding tax liens or other government liens and filings; (3)
1001 foreclosures during the three years preceding the date of application
1002 for an initial license or renewal of a license; or (4) a pattern of seriously
1003 delinquent accounts within the past three years.

1004 (c) Notwithstanding the provision of subsection (a) of this section,

1005 and subject to the provisions of section 46a-80, the commissioner may
1006 deny an application based on the history of criminal convictions of the
1007 applicant or of its control persons or qualified individual or branch
1008 manager.

1009 (d) Applicants shall have a minimum of fifty thousand dollars
1010 continuously available for each licensed location. The requirement of
1011 this subsection may be met by cash on hand, cash in bank or lines of
1012 credit.

1013 (e) The minimum standards for renewal of a small loan license shall
1014 include the following: (1) The applicant continues to meet the
1015 minimum standards under subsection (a) of this section; (2) the
1016 applicant has paid all required fees for renewal of the license; and (3)
1017 the applicant has paid any outstanding examination fees or other
1018 moneys due to the commissioner.

1019 (f) (1) Withdrawal of an application for a license shall become
1020 effective upon the commissioner's acceptance on the system of a
1021 withdrawal request. The commissioner may deny a license up to the
1022 date one year after the date the withdrawal became effective.
1023 Surrender of a license shall be governed by subsection (c) of section
1024 36a-51. Not later than fifteen days after a licensee ceases to engage in
1025 this state in the business of a small loan lender for any reason,
1026 including a business decision to terminate operations in this state,
1027 license revocation, bankruptcy or voluntary dissolution, such licensee
1028 shall request surrender of the license on the system for each location in
1029 which such licensee has ceased to engage in such business.

1030 (2) If the license expires due to the licensee's failure to renew, the
1031 commissioner may institute a revocation or suspension proceeding or
1032 issue an order suspending or revoking such license pursuant to section
1033 36a-570, as amended by this act, not later than one year after the date
1034 of such expiration.

1035 (g) Every license shall remain in force and effect until the license has

1036 been surrendered, revoked or suspended, or has expired in accordance
1037 with the provisions of sections 36a-555 to 36a-573, inclusive, as
1038 amended by this act.

1039 Sec. 12. Section 36a-566 of the general statutes is repealed and the
1040 following is substituted in lieu thereof (*Effective July 1, 2016*):

1041 [(a) Subject to the conditions provided in this section, insurance may
1042 be sold to the borrower at his request (1) for insuring the life of persons
1043 obligated on a loan pursuant to sections 38a-645 to 38a-658, inclusive,
1044 and (2) providing accident and health insurance covering one person
1045 on a loan pursuant to sections 38a-645 to 38a-658, inclusive. Credit
1046 accident and health insurance shall not provide indemnity against the
1047 risk of a borrower becoming disabled for a period of less than fourteen
1048 days, except that it may provide for retroactive coverage if the
1049 disability continues for the period stated in the policy. Irrespective of
1050 the number of obligors only one obligor may be insured, except that
1051 life insurance may cover both a borrower and such borrower's spouse
1052 where both are obligors on a loan. A licensee shall not require the
1053 purchasing of insurance as a condition precedent to the making of a
1054 loan. A licensee shall, both verbally and in writing, inform the
1055 borrower prior to his entering into any loan contract of his right not to
1056 purchase credit insurance. Any gain or benefit to the licensee directly
1057 or indirectly from such insurance or the sale or provision thereof shall
1058 not be deemed to be additional or further charges, interest or
1059 consideration in connection with a loan made under sections 36a-555
1060 to 36a-573, inclusive, nor a charge in excess of that permitted by said
1061 sections.

1062 (b) If a borrower obtains credit accident and health insurance, the
1063 borrower shall have the right for a period of fifteen days after the loan
1064 is made to cancel the entire insurance coverage. Notification of this
1065 right shall be made in the borrower's insurance election. All persons
1066 obligated on the loan must agree in writing to the cancellation and
1067 return all certificates. Upon cancellation, the licensee shall, at his
1068 option, either refund the insurance charges to the borrower or apply

1069 them to the unpaid balance of the loan.]

1070 (a) No license issued under section 36a-556, as amended by this act,
1071 shall be assignable or transferable. Any proposed change in the control
1072 persons shall be the subject of an advance change notice filed on the
1073 system at least sixty days prior to the effective date of such change and
1074 any change to the control persons shall not occur without the
1075 commissioner's approval.

1076 (b) No licensee may use any name other than its legal name or a
1077 fictitious name approved by the commissioner, provided such licensee
1078 may not use its legal name if the commissioner disapproves of such
1079 name. No licensee shall engage in any activity requiring a small loan
1080 license under any other name or at any other place of business than
1081 that named in the license. Any proposed change in a licensee's name or
1082 to the licensee's place of business shall be the subject of an advance
1083 change notice filed on the system at least thirty days prior to the
1084 effective date of such change and any change to the licensee's name or
1085 place of business shall not be made without the commissioner's
1086 approval of such change.

1087 Sec. 13. Section 36a-567 of the general statutes is repealed and the
1088 following is substituted in lieu thereof (*Effective July 1, 2016*):

1089 [Every licensee shall (1) permit payment of the loan in whole or in
1090 part prior to its maturity, and (2) upon repayment of the loan in full,
1091 mark indelibly each paper signed by the borrower with the word
1092 "paid" or "cancelled", and cancel and return any note or, in lieu thereof,
1093 transmit or deliver to the borrower a duplicate of the original
1094 document clearly identifying the loan, showing such loan has been
1095 paid in full and the note cancelled.]

1096 (a) A licensee shall file any change in the information most recently
1097 submitted in connection with the license with the system or, if the
1098 information cannot be filed on the system, directly notify the
1099 commissioner, in writing, of such change in the information not later

1100 than fifteen days after the licensee has reason to know of such change.

1101 (b) A licensee shall file with the system or, if the information cannot
1102 be filed on the system, directly notify the commissioner, in writing, of
1103 the occurrence of any of the following developments not later than
1104 fifteen days after the licensee had reason to know of the occurrence: (1)
1105 Filing for bankruptcy or the consummation of a corporate
1106 restructuring of the licensee; (2) filing of a criminal indictment against
1107 the licensee in any way related to the activities of the licensee or
1108 receiving notification of the filing of any criminal felony indictment or
1109 felony conviction of any of the licensee's control persons or qualified
1110 individual or branch manager; (3) receiving notification of the
1111 institution of a license denial, cease and desist, suspension or
1112 revocation procedures, or other formal or informal action by any
1113 governmental agency against the licensee and the reasons therefor; (4)
1114 receiving notification of the initiation of any action by the Attorney
1115 General or the attorney general of any other state and the reasons
1116 therefor; (5) receiving notification of a material adverse action with
1117 respect to any existing line of credit or warehouse credit agreement; (6)
1118 receiving notification of any of the licensee's control persons or
1119 qualified individual or branch manager filing or having filed for
1120 bankruptcy; or (7) a decrease in the available funds required by section
1121 36a-565, as amended by this act.

1122 Sec. 14. Section 36a-568 of the general statutes is repealed and the
1123 following is substituted in lieu thereof (*Effective July 1, 2016*):

1124 [No licensee shall take any confession of judgment or any power of
1125 attorney, nor shall he take any note or promise to pay that does not
1126 state the actual amount of the loan, the time for which it is made and
1127 the charges, or any instrument in which blanks are left to be filled after
1128 the loan is made. No licensee shall take a mortgage, lien, security
1129 interest in or assignment or pledge of household goods or an
1130 assignment of wages as security for any loan made under sections 36a-
1131 555 to 36a-573, inclusive. A licensee may take a security interest in
1132 chattels or personal property other than household goods, except a

1133 security interest in an automobile may not be taken as security for any
1134 loan where the cash advance is one thousand eight hundred dollars or
1135 less. A licensee may take a security interest in real estate on loans
1136 made under said sections where the cash advance is in excess of one
1137 thousand eight hundred dollars, but may not take such a security
1138 interest in real estate where the cash advance is one thousand eight
1139 hundred dollars or less. A contract for a loan under said sections shall
1140 not originally schedule any repayment of the cash advance over a
1141 period in excess of twenty-four months and fifteen days if the amount
1142 of the original cash advance was one thousand dollars or less or thirty-
1143 six months and fifteen days if the amount of the original cash advance
1144 was more than one thousand dollars but not in excess of one thousand
1145 eight hundred dollars or seventy-two months and fifteen days if the
1146 amount of the original cash advance was in excess of one thousand
1147 eight hundred dollars, and shall be repayable in installments of cash
1148 advance and charges combined which are substantially equal in
1149 amount or so arranged that no installment is substantially greater in
1150 amount than any preceding installment and which are payable at
1151 approximately equal intervals not exceeding one month, except that
1152 the first installment may be payable not more than one month and
1153 fifteen days after the date of such contract. The requirements of section
1154 36a-785 shall apply to any repossession under sections 36a-555 to 36a-
1155 573, inclusive, of property other than real estate.]

1156 (a) The unique identifier of any small loan licensee shall be clearly
1157 shown on the licensee's application forms for a small loan and all of
1158 the licensee's solicitations or advertisements, including business cards
1159 or Internet web sites, and any other documents as established by rule,
1160 regulation or order of the commissioner.

1161 (b) The advertising of a licensee: (1) Shall not include any statement
1162 that it is endorsed in any way by this state, except it may include a
1163 statement that it is licensed in this state; (2) shall not include any
1164 statement or claim which is deceptive, false or misleading; (3) shall be
1165 retained for one year from the date of its use; and (4) shall otherwise

1166 conform to the requirements of sections 36a-555 to 36a-573, inclusive,
1167 as amended by this act, and any regulations issued thereunder.

1168 Sec. 15. Section 36a-569 of the general statutes is repealed and the
1169 following is substituted in lieu thereof (*Effective July 1, 2016*):

1170 [Each licensee shall keep books and records at the place of business
1171 specified in the license in such form and in such manner as the
1172 commissioner prescribes and shall preserve all books, accounts and
1173 records, including cards used in the card system, if any, for at least two
1174 years after making the final entry recorded therein. Each such licensee
1175 shall, annually, on or before January thirtieth, furnish a sworn
1176 statement of the condition of the business of such licensee as of
1177 December thirty-first, together with such other information and
1178 statements as the commissioner may, from time to time, require. Each
1179 licensee which fails to furnish any such sworn statement or required
1180 information in connection with this section, shall pay to the state ten
1181 dollars for each day that such failure continues, unless excused by the
1182 commissioner for cause. The commissioner may, upon the failure of
1183 any such licensee to furnish such sworn statement or other
1184 information, after a hearing thereon, cancel the license of such
1185 licensee.]

1186 (a) Each small loan licensee shall keep adequate books and records
1187 at the place of business specified in the license in such form and in
1188 such manner as the commissioner prescribes and shall preserve all
1189 books, accounts and records for the following time periods: (1) If the
1190 licensee brokered the small loan, at least two years after the date it was
1191 brokered; (2) if the licensee made the small loan, at least two years
1192 after the date the licensee (A) no longer owns the small loan, or (B) has
1193 made the final entry on the small loan; or (3) if the licensee did not
1194 make the small loan but is servicing the small loan, at least two years
1195 after the date the licensee (A) no longer owns the rights to service the
1196 small loan, or (B) has made the final entry on the small loan.

1197 (b) Each licensee shall make such books and records available at

1198 such office or send such books and records to the commissioner by
1199 registered or certified mail, return receipt requested, or by any express
1200 delivery carrier that provides a dated delivery receipt, not later than
1201 five business days after requested to do so by the commissioner. Upon
1202 request, the commissioner may grant a licensee additional time to
1203 make such books and records available or send them to the
1204 commissioner.

1205 (c) Licensees shall be required to complete any reports of condition
1206 required by the system. Any such reports of condition shall be
1207 accurately and timely filed on the system in accordance with the due
1208 dates and formats required by the system.

1209 (d) Until such time as information is able to be captured by a
1210 system-based report, each licensee shall furnish annually, on or before
1211 January thirtieth, a sworn statement of the condition of the business of
1212 such licensee as of the preceding December thirty-first, together with
1213 such other information and statements as the commissioner may, from
1214 time to time, require. Any licensee that fails to furnish any such report
1215 of condition pursuant to subsection (c) of this section or such sworn
1216 statement or any other information required by this subsection shall be
1217 in violation of this section.

1218 Sec. 16. Section 36a-570 of the general statutes is repealed and the
1219 following is substituted in lieu thereof (*Effective July 1, 2016*):

1220 [The commissioner may adopt such regulations, in accordance with
1221 chapter 54, and make such findings as may be necessary for the
1222 conduct of the small loan business and its association with other
1223 businesses, the conduct of the associated businesses and the
1224 enforcement of the provisions of sections 36a-555 to 36a-573, inclusive.]

1225 (a) The commissioner may suspend, revoke or refuse to renew any
1226 license issued under sections 36a-555 to 36a-573, inclusive, as amended
1227 by this act, or take any other action, in accordance with the provisions
1228 of section 36a-51, for any reason that would be sufficient grounds for

1229 the commissioner to deny an application for such license under
1230 sections 36a-555 to 36a-573, inclusive, as amended by this act, or if the
1231 commissioner finds that the licensee or any control person of the
1232 licensee, qualified individual or branch manager with supervisory
1233 authority, trustee, employee or agent of such licensee has done any of
1234 the following: (1) Made any material misstatement in the application;
1235 (2) committed any fraud, misappropriated funds or misrepresented,
1236 concealed, suppressed, intentionally omitted or otherwise intentionally
1237 failed to disclose any of the material particulars of any small loan
1238 transaction to anyone entitled to such information, including, but not
1239 limited to, any disclosures required by part III of chapter 669 or
1240 regulations adopted pursuant thereto; (3) violated any of the
1241 provisions of this title, any regulations adopted pursuant thereto or
1242 any other law or regulation applicable to the conduct of its business; or
1243 (4) failed to perform any agreement with a licensee or a borrower.

1244 (b) Whenever it appears to the commissioner that (1) any person has
1245 violated, is violating or is about to violate any of the provisions of
1246 sections 36a-555 to 36a-573, inclusive, as amended by this act, or any
1247 regulation adopted pursuant thereto, (2) any person is, was or would
1248 be a cause of the violation of any such provision or regulation due to
1249 an act or omission such person knew or should have known would
1250 contribute to such violation, or (3) any licensee has failed to perform
1251 any agreement with a borrower, committed any fraud,
1252 misappropriated funds or misrepresented, concealed, suppressed,
1253 intentionally omitted or otherwise intentionally failed to disclose any
1254 of the material particulars of any small loan transaction to anyone
1255 entitled to such information, including disclosures required by part III
1256 of chapter 669 or regulations adopted pursuant thereto, the
1257 commissioner may take action against such person or licensee in
1258 accordance with sections 36a-50 and 36a-52.

1259 (c) (1) The commissioner may order a licensee to remove any
1260 individual conducting business under sections 36a-555 to 36a-573,
1261 inclusive, as amended by this act, from office and from employment or

1262 retention as an independent contractor in the small loan business in
1263 this state whenever the commissioner finds as the result of an
1264 investigation that such individual: (A) Has violated any of said
1265 sections or any regulations adopted pursuant thereto or any order
1266 issued thereunder, or (B) for any reason that would be sufficient
1267 grounds for the commissioner to deny a license under section 36a-565,
1268 as amended by this act, by sending a notice to such individual by
1269 registered or certified mail, return receipt requested or by any express
1270 delivery carrier that provides a dated delivery receipt. The notice shall
1271 be deemed received by such individual on the earlier of the date of
1272 actual receipt or seven days after mailing or sending. Any such notice
1273 shall include: (i) A statement of the time, place and nature of the
1274 hearing; (ii) a statement of the legal authority and jurisdiction under
1275 which the hearing is to be held; (iii) a reference to the particular
1276 sections of the general statutes, regulations or orders alleged to have
1277 been violated; (iv) a short and plain statement of the matters asserted;
1278 and (v) a statement indicating that such individual may file a written
1279 request for a hearing on the matters asserted not later than fourteen
1280 days after receipt of the notice. If the commissioner finds that the
1281 protection of borrowers requires immediate action, the commissioner
1282 may suspend any such individual from office and require such
1283 individual to take or refrain from taking such action as, in the opinion
1284 of the commissioner, will effectuate the purposes of this subsection, by
1285 incorporating a finding to that effect in such notice. The suspension or
1286 prohibition shall become effective upon receipt of such notice and,
1287 unless stayed by a court, shall remain in effect until the entry of a
1288 permanent order or the dismissal of the matters asserted.

1289 (2) If a hearing is requested within the time specified in the notice,
1290 the commissioner shall hold a hearing upon the matters asserted in the
1291 notice unless such individual fails to appear at the hearing. After the
1292 hearing, if the commissioner finds that any of the grounds set forth in
1293 subparagraph (A) or (B) of subdivision (1) of this subsection exist with
1294 respect to such individual, the commissioner may order a licensee to
1295 remove such individual from office and from any employment in the

1296 small loan business in this state. If such individual fails to appear at the
1297 hearing, the commissioner may order the removal of such individual
1298 from office and from employment in the small loan business in this
1299 state.

1300 (d) The commissioner may issue a temporary order to cease
1301 business under a license if the commissioner determines that such
1302 license was issued erroneously. The commissioner shall give the
1303 licensee an opportunity for a hearing on such action in accordance
1304 with section 36a-52. Such temporary order shall become effective upon
1305 receipt by the licensee and, unless set aside or modified by a court,
1306 shall remain in effect until the effective date of a permanent order or
1307 dismissal of the matters asserted in the notice.

1308 Sec. 17. Section 36a-572 of the general statutes is repealed and the
1309 following is substituted in lieu thereof (*Effective July 1, 2016*):

1310 [The commissioner may suspend, revoke or refuse to renew any
1311 license issued under the provisions of section 36a-556 or take any other
1312 action, in accordance with section 36a-51, if the commissioner finds
1313 that the licensee has violated any provision of sections 36a-555 to 36a-
1314 573, inclusive, or any regulation or order lawfully made pursuant to
1315 and within the authority of said sections, or if the commissioner finds
1316 that any fact or condition exists which, if it had existed at the time of
1317 the original application for the license, clearly would have warranted a
1318 denial of such license.]

1319 (a) In addition to any authority provided under this title, the
1320 commissioner shall have the authority to conduct investigations and
1321 examinations as follows:

1322 (1) For purposes of initial small loan licensing, license renewal,
1323 license suspension, license conditioning, license revocation or
1324 termination or general or specific inquiry or investigation to determine
1325 compliance with sections 36a-555 to 36a-573, inclusive, as amended by
1326 this act, the commissioner may access, receive and use any books,

1327 accounts, records, files, documents, information or evidence,
1328 including, but not limited to: (A) Criminal, civil and administrative
1329 history information; (B) personal history and experience information,
1330 including independent credit reports obtained from a consumer
1331 reporting agency described in Section 603(p) of the federal Fair Credit
1332 Reporting Act, 15 USC 1681a; and (C) any other documents,
1333 information or evidence the commissioner deems relevant to the
1334 inquiry or investigation regardless of the location, possession, control
1335 or custody of such documents, information or evidence.

1336 (2) For the purposes of investigating violations or complaints arising
1337 under sections 36a-555 to 36a-573, inclusive, as amended by this act, or
1338 for the purposes of examination, the commissioner may review,
1339 investigate or examine any licensee, individual or person subject to
1340 said sections as often as necessary in order to carry out the purposes of
1341 said sections. The commissioner may direct, subpoena or order the
1342 attendance of and examine under oath all persons whose testimony
1343 may be required about the loans or the business or subject matter of
1344 any such examination or investigation, and may direct, subpoena or
1345 order such person to produce books, accounts, records, files and any
1346 other documents the commissioner deems relevant to the inquiry.

1347 (b) Each licensee or person subject to sections 36a-555 to 36a-573,
1348 inclusive, as amended by this act, shall make or compile reports or
1349 prepare other information as directed by the commissioner in order to
1350 carry out the purposes of this section, including accounting
1351 compilations, information lists and data concerning loan transactions
1352 in a format prescribed by the commissioner or such other information
1353 the commissioner deems necessary to carry out the purposes of this
1354 section.

1355 (c) In making any examination or investigation authorized by this
1356 section, the commissioner may control access to any documents and
1357 records of the licensee or person under examination or investigation.
1358 The commissioner may take possession of the documents and records
1359 or place a person in exclusive charge of the documents and records in

1360 the location where they are usually kept. During the period of control,
1361 no individual or person shall remove or attempt to remove any of the
1362 documents and records except pursuant to a court order or with the
1363 consent of the commissioner. Unless the commissioner has reasonable
1364 grounds to believe the documents or records of the licensee have been,
1365 or are at risk of being, altered or destroyed for purposes of concealing
1366 a violation of sections 36a-555 to 36a-573, inclusive, as amended by this
1367 act, the licensee or owner of the documents and records shall have
1368 access to the documents or records as necessary to conduct its ordinary
1369 business affairs.

1370 (d) In order to carry out the purposes of this section, the
1371 commissioner may:

1372 (1) Retain attorneys, accountants or other professionals and
1373 specialists as examiners, auditors or investigators to conduct or assist
1374 in the conduct of examinations or investigations;

1375 (2) Enter into agreements or relationships with other government
1376 officials or regulatory associations in order to improve efficiencies and
1377 reduce regulatory burden by sharing (A) resources, (B) standardized
1378 or uniform methods or procedures, and (C) documents, records,
1379 information or evidence obtained under this section;

1380 (3) Use, hire, contract or employ public or privately available
1381 analytical systems, methods or software to examine or investigate the
1382 licensee, individual or person subject to sections 36a-555 to 36a-573,
1383 inclusive, as amended by this act;

1384 (4) Accept and rely on examination or investigation reports made by
1385 other government officials, within or without this state; and

1386 (5) Accept audit reports made by an independent certified public
1387 accountant for the licensee, individual or person subject to sections
1388 36a-555 to 36a-573, inclusive, as amended by this act, in the course of
1389 the part of the examination covering the same general subject matter as
1390 the audit and may incorporate the audit report in the report of the

1391 examination, report of investigation or other writing of the
1392 commissioner.

1393 (e) The authority of this section shall remain in effect, whether such
1394 licensee, individual or person subject to sections 36a-555 to 36a-573,
1395 inclusive, as amended by this act, acts or claims to act under any
1396 licensing or registration law of this state or claims to act without such
1397 authority.

1398 (f) No licensee or person subject to investigation or examination
1399 under this section may knowingly withhold, abstract, remove,
1400 mutilate, destroy or secrete any books, records, computer records or
1401 other information.

1402 Sec. 18. Section 36a-573 of the 2016 supplement to the general
1403 statutes is repealed and the following is substituted in lieu thereof
1404 (*Effective July 1, 2016*):

1405 [(a) No person, except as authorized by the provisions of sections
1406 36a-555 to 36a-573, inclusive, shall, directly or indirectly, charge,
1407 contract for or receive any interest, charge or consideration greater
1408 than twelve per cent per annum upon the loan, use or forbearance of
1409 money or credit of the amount or value of (1) five thousand dollars or
1410 less for any such transaction entered into before October 1, 1997, and
1411 (2) fifteen thousand dollars or less for any such transaction entered
1412 into on and after October 1, 1997. The provisions of this section shall
1413 apply to any person who, as security for any such loan, use or
1414 forbearance of money or credit, makes a pretended purchase of
1415 property from any person and permits the owner or pledgor to retain
1416 the possession thereof, or who, by any device or pretense of charging
1417 for the person's services or otherwise, seeks to obtain a greater
1418 compensation than twelve per cent per annum. No loan for which a
1419 greater rate of interest or charge than is allowed by the provisions of
1420 sections 36a-555 to 36a-573, inclusive, has been contracted for or
1421 received, wherever made, shall be enforced in this state, and any
1422 person in any way participating therein in this state shall be subject to

1423 the provisions of said sections, provided, a loan lawfully made after
1424 June 5, 1986, in compliance with a validly enacted licensed loan law of
1425 another state to a borrower who was not, at the time of the making of
1426 such loan, a resident of Connecticut but who has become a resident of
1427 Connecticut, may be acquired by a licensee and its interest provision
1428 shall be enforced in accordance with its terms.

1429 (b) The provisions of subsection (a) of this section shall apply to any
1430 loan made or renewed in this state if the loan is made to a borrower
1431 who resides in or maintains a domicile in this state and such borrower
1432 (1) negotiates or agrees to the terms of the loan in person, by mail, by
1433 telephone or via the Internet while physically present in this state; (2)
1434 enters into or executes a loan agreement with the lender in person, by
1435 mail, by telephone or via the Internet while physically present in this
1436 state; or (3) makes a payment of the loan in this state. As used in this
1437 subsection, "payment of the loan" includes a debit on an account the
1438 borrower holds in a branch of a financial institution or the use of a
1439 negotiable instrument drawn on an account at a financial institution,
1440 and "financial institution" means any bank or credit union chartered or
1441 licensed under the laws of this state, any other state or the United
1442 States and having its main office or a branch office in this state.

1443 (c) For transactions subject to the provisions of subsection (a) of this
1444 section, if any interest, consideration or charges in excess of those
1445 permitted are charged, contracted for or received, the contract of loan,
1446 use or forbearance of money or credit shall be void and no person shall
1447 have the right to collect or receive any principal, interest, charge or
1448 other consideration.

1449 (d) No person shall, directly or indirectly, assist or aid and abet any
1450 person in conduct prohibited by sections 36a-555 to 36a-573, inclusive.

1451 (e) Whenever it appears to the commissioner that any person has
1452 violated the provisions of this section or offered a loan that violates the
1453 provisions of this section, the commissioner may investigate, take
1454 administrative action or assess civil penalties and restitution in

1455 accordance with the provisions of sections 36a-50 and 36a-52.]

1456 The commissioner may adopt such regulations, in accordance with
 1457 chapter 54, as the commissioner deems necessary to administer and
 1458 enforce the provisions of this section and sections 36a-555 to 36a-572,
 1459 inclusive, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	36a-555
Sec. 2	<i>July 1, 2016</i>	36a-556
Sec. 3	<i>July 1, 2016</i>	36a-557
Sec. 4	<i>July 1, 2016</i>	36a-558
Sec. 5	<i>July 1, 2016</i>	36a-559
Sec. 6	<i>July 1, 2016</i>	36a-560
Sec. 7	<i>July 1, 2016</i>	36a-561
Sec. 8	<i>July 1, 2016</i>	36a-562
Sec. 9	<i>July 1, 2016</i>	36a-563
Sec. 10	<i>July 1, 2016</i>	36a-564
Sec. 11	<i>July 1, 2016</i>	36a-565
Sec. 12	<i>July 1, 2016</i>	36a-566
Sec. 13	<i>July 1, 2016</i>	36a-567
Sec. 14	<i>July 1, 2016</i>	36a-568
Sec. 15	<i>July 1, 2016</i>	36a-569
Sec. 16	<i>July 1, 2016</i>	36a-570
Sec. 17	<i>July 1, 2016</i>	36a-572
Sec. 18	<i>July 1, 2016</i>	36a-573

Statement of Legislative Commissioners:

In Section 1(8), "where the licensee, or any person on behalf of the licensee, will engage in activities that require a small loan license" was added to the definition of "Main office" for accuracy; in Section 4(a) and (b), "by" was changed to "under" for consistency with standard drafting conventions; in Section 4(e)(2), "so long as" was changed to "provided" and "does" was changed to "shall" for consistency with standard drafting conventions and other provisions of the section; in Section 4(g)(1), "does not" was changed to "shall not" for consistency with standard drafting conventions; in Section 9(b), "within" was changed to "on or before" for consistency with standard drafting

conventions; in Section 14(b)(1), "the state of Connecticut" was replaced with "this state" and "Connecticut" was replaced with "this state" for consistency with standard drafting conventions; in Section 15(a)(2)(3), "such" was replaced with "the" for consistency with other provisions of the Subsec.; and in Section 15(b), "books and" was added before "records" for consistency with other provisions of the section.

BA *Joint Favorable Subst.*